iXRT

Ocean Market News by Xeneta

April 28, 2025

The Xeneta Ocean iXRT provides an overview of long and short term market movements, the key risks and issues to be aware of and insight on how these may develop in the coming weeks and months.

Topics covered in this iXRT Report include:

- Overview of revised proposal for US port fees on Chinese ships and carriers
- Example port fees based on actual ships
- Carrier options to mitigate port fees
- Shipper response to wider 'Liberation Day' tariffs
- Shifting global trade patterns driven by tariffs

New proposal on port fees for Chinese ships

Following significant criticism from the industry to the initial proposal on port fees for Chinese ships and carriers, a revised proposal was announced by the US Government on 18 April, with some very significant changes:

- The updated proposal looks at only two parameters - nationality of the carrier and where the ship was built. Orderbook is no longer taken into consideration.
- Fee will no longer be applied at every port call, but instead once for every service rotation.
- Fee is now based on the size of the ship, rather than a fixed cost. Ships under 4 000 TEU are exempt (as are journeys under 2 000 nautical miles)

The fees:

Fees will start being charged in mid-October 2025, with scheduled increases over the next three years.

For Chinese operators, the fee will go from USD 50 per net ton this year, to USD 140 in 2028. For Chinese built ships it will rise from USD 18 to USD 33 when measured per net ton, or up from USD 120 to USD 150 per container (whichever is higher).

In brief, these changes mean far fewer ships will have to pay the fees, but COCSO (and OOCL) could face higher costs than they did under the previous model.

Note: Analysis in this report is based on only one of these fees being applied, with Chinese carriers therefore not having to also pay the fee linked to Chinese built ships.

What the big changes mean

An important difference in the new proposal is that carriers with a share of their orderbook in China will no longer automatically be hit with a fee whenever they call a US port. Instead, all non-Chinese carriers will now only face a fee when calling at a US port with a Chinese built ship. This significantly reduces the costs non-Chinese operators will face.

The risk of congestion has also eased as the fees will now only apply once per service rotation, rather than every time they call at a US port. This removes the incentive for carriers to handle more containers at fewer ports to reduce the amount of times they incur a fee.

In the original proposal there was an upper limit applied to the fees for each port call, which is now gone. However, the fee will only be charged a maximum of five times a year per ship, so any rotations above this limit by the same ship would not have to pay the fees.

Will costs be higher or lower?

The major impact on costs linked to this new proposal is that far fewer ships will be hit, therefore dramatically reducing the average cost increase across all carriers.

But, for those ships still facing fees under this new proposal, it could see higher costs, even when allowing for now being able to call at multiple ports in one service without incurring additional costs.

Port fees in action

Take the COSCO Shipping Denali, a 14 500 TEU ship, with a net tonnage of 84 300, owned and operated by COSCO and built in China.

This ship would face a fee of USD 4.2m every time it calls a string of US ports in a service rotation. If we assume a filling factor of 80% and the cost is fully passed on to frontHaul shippers, it would work out at around USD 700 per FEU (40ft container).

For ships built in China but operated by non-Chinese carriers the costs would be lower. For example, the 15 500 TEU ship Maersk Cincinnati will be seeing fees of USD 1.4m.

Ship	TEU	Net tonnage	Operator	Reason for fee	Cost per rotation October 2025
COSCO Shipping Denali	14 500	84 334	COSCO	Operated by Chinese carrier	USD 4.2m
COSCO Shipping Galaxy	20 988	130 371	COSCO	Operated by Chinese carrier	USD 6.5m
Xin Tian Jin	5 618	67 933	COSCO	Operated by Chinese carrier	USD 3.4m
Maersk Cincinnati	15 516	79 275	Maersk	Ship built in China	USD 1.4m
CMA CGM Masai Mara	6 014	33 301	CMA CGM	Ship built in China	USD 0.6m

Source: Xeneta, Sea-Intelligence, Clarkson's

Note: there isn't a fixed ratio between net tonnage and capacity in TEU, as this depends on the ship type and design.

What can carriers do?

There are just under six months for carriers to game out scenarios to avoid the fees by re-organizing the deployment of fleet.

COSCO (and OOCL) clearly have the most thinking to do. They will likely look to Ocean Alliance partners for help in re-deploying their collective fleets, such that COSCO ships are deployed on non-US trades, while CMA CGM and Evergreen vessels move non-Chinese built ships onto these services.

However, COSCO also operates independent services into the US, without the same support from alliance partners. An option to reduce impact on these services is to try to re-deploy smaller ships where it still needs capacity, as ships under 4 000 TEU are exempt from any fees.

Non-Chinese carriers have more options

The bill for non-Chinese carriers will largely depend on how they deploy their fleet. The majority have less than a third of their fleet built in China, giving them some room to swap Chinese built ships onto non-US trades.

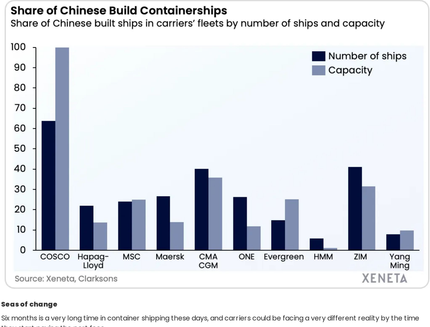
They may not be fully able to avoid any of these fees, and switching their networks will incur costs, but these will be substantially lower than anything COSCO and OOCL will face.

Shippers should be aware of the nuances involved across carriers when it comes to port fees for when they inevitably come knocking with a new surcharge or rate increase. The smaller the share of a carrier's fleet is built in China, the easier for them to avoid the fees.

That doesn't mean a non-Chinese carrier won't attempt to pass surcharges onto shippers even if they are sending a non-Chinese built vessel into the US. They may well argue a surcharge is applicable due to the fact using a non-Chinese vessel impacts overall fleet efficiency, if they would ordinarily have used a China-built vessel.

It is then up to the shipper to push back against this surcharge – so much will come down to those individual negotiations.

Note: CMA CGM is the carrier with the second highest share of fleet built in China, which may limit how much it can help COSCO as the Ocean Alliance partners figure out how to respond.



Seas of change

Six months is a very long time in container shipping these days, and carriers could be facing a very different reality by the time they start paying the port fees.

Several carriers have already announced they will be passing the costs linked to this regulation onto customers. There is however no guarantee they will succeed in doing so.

If come October, with peak season behind us and tariffs having significantly lowered demand, softening freight rates will allow shippers to give some push back to the surcharges. Any significant price swings could also lead to shippers moving cargo away from COSCO, and perhaps the Ocean Alliance more generally on US trades.

Xeneta will continue to monitor the situation and, as we approach October, provide an overview of how carriers are responding and how exposed they will be to these fees.

Tariffs are shifting trade patterns

Less than a month on from 'Liberation Day', the tariffs and huge uncertainty around them have had led to significant shifts in container trades.

At the time of writing this report, the most severe tariffs affecting US container imports are the 145% tariff on imports from China, as well as the 10% tariff applied to imports from most of the rest of the world while higher reciprocal tariffs are on pause until July, as well as 25% on automobile imports.

Volumes out of China to the US have dropped significantly as many shippers have chosen to pause imports from China, either as they look to find other sources, or waiting in hope that the 145% tariff will be reduced.

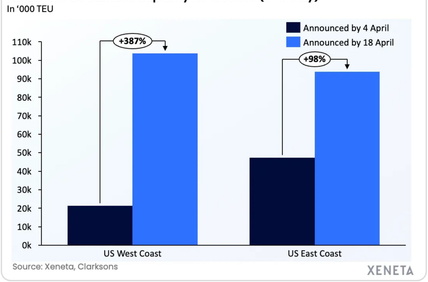
In contrast, imports from other nations in the Far East region and the rest of the world are showing significant increases, driven by shippers looking to other countries to make up for what they may usually import from China.

This frontloading is fueled further by shippers who already source goods and materials from non-China countries rushing imports to beat the 90-day reciprocal tariff deadline, opting to swallow the 10% fee in favor or something potentially worse down the line.

Carriers' response to tariffs

Carriers are responding to the drop in demand out of China by reducing capacity on China to US trades in the coming weeks.

The latest data shows a peak in blanked capacity in the week starting 5 May, with just over 100 000 TEU of capacity already blanked into the US West Coast. This is almost five times as high as the blanked capacity announced on this trade just two weeks earlier. Into the US East Coast, blanked sailings also look set to peak in the week starting 5 May as carriers have already blanked 94 000 TEU.



Carriers will likely continue to announce further blanked sailings as they respond to demand shifts. It should however also be noted that, while demand out of China is down, exports from the rest of the region are up. These countries tend to be served by the same services as those calling in China, holding carriers back from removing even more capacity than they already are.

Some of the capacity removed from trades into the US is making its way onto Asia to Europe services, where offered capacity is increasing. Reminding once again that while the tariffs are directly impacting US trades, no other trade is insulated from knock on effects.

How freight rates will react will depend on how carriers react to shifting demand. Back in the early months of the pandemic, rates stayed flat despite exports out of China collapsing, as enough capacity was removed. Whether the same can be achieved this time, despite new alliances and carriers keen to secure market share, as well as the split in demand between China and the rest of the region, and the uncertainty around what comes after the 90 day pause, may mean they aren't as effective.

See Page 2 of the iXRT Report for the latest ocean freight shipping rates.



Selected Indices

Public Indices Report

Disclaimer

Xeneta is the leading ocean and air freight rate benchmarking, market analytics platform and ocean container rate index, Xeneta Shipping Index (XSI®).

Xeneta's powerful reporting and analytics platform and data density provide liner-shipping stakeholders the insights they need to understand current and historical market behavior – reporting live on market average and low/high movements for both short and long-term contracts.

Xeneta's data is comprised of over +450 million contracted container rates and covers over 160,000 global trade routes. Xeneta is a privately held company with headquarters in Oslo, Norway and regional offices in New York and Hamburg. To learn more, please visit www.xeneta.com

NOTE: The XSI® public indices reports are based on long-term contracts only.

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Xeneta rate indexes – 24 April

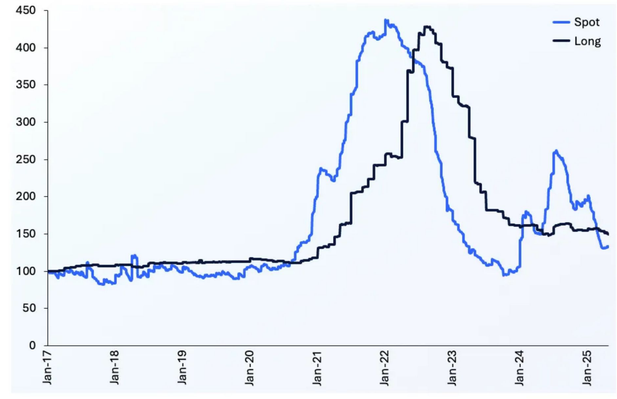
Index base January 2017

Spot rates	Xeneta Index	Change from 1 month ago	Change from 1 year ago
Global	132.8	1.7%	-11.9%
Europe Import	118.4	-1.6%	-12.4%
Europe Export	132.7	-2.8%	-10.6%
Far East Import	118.4	-1.6%	-12.4%
Far East Export	124.5	4.6%	-20.7%
North America Import	145.6	-0.1%	-2.0%
North America Export	163.1	0.8%	6.0%

Long-term rates	Xeneta Index	Change from 1 month ago	Change from 1 year ago
Global	149.9	-2.3%	-3.3%
Europe Import	180.4	1.1%	0.6%
Europe Export	112.8	-3.4%	-20.7%
Far East Import	96.2	-8.6%	-22.8%
Far East Export	186	-1.0%	10.1%
North America Import	136.7	-6.8%	-8.1%
North America Export	111.1	-2.5%	-6.3%

Global Average Rates

Index 100 = 2017



Source: Xeneta

XENETA

Selected Indices

Ocean – Long-term rates

Monthly market average, 40' container

XENETA

Origin	Destination	THC	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	QoQ Change	YoY change
China	North Europe	None	2 121	3 300	2 820	2 655	2 151	-19%	1%
North Europe	China	OTHC	447	419	299	148	123	-17%	-72%
China	US West Coast	DTHC	1 968	3 016	3 288	2 977	2 913	-2%	48%
US West Coast	China	Both	910	833	921	972	974	0%	7%
US East Coast	North Europe	Both	761	761	781	799	801	0%	5%
North Europe	US East Coast	Both	1 744	1 807	2 317	1 997	1 677	-16%	-4%
China	S. America East Coast	None	2 404	2 902	4 940	4 428	4 117	-7%	71%
North Europe	S. America East Coast	OTHC	775	588	613	678	624	-8%	-19%

Ocean – Spot-term rates

Monthly market average, 40' container

XENETA

Origin	Destination	THC	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	MoM Change	YoY change
China	North Europe	None	3 163	4 200	6 383	8 230	7 871	5 323	3 340	4 061	5 010	4 064	2 887	2 366	2 223	-6%	-30%
North Europe	China	OTHC	740	641	513	385	376	347	271	249	243	223	167	167	141	-15%	-81%
China	US West Coast	DTHC	3 348	4 519	6 531	7 429	6 485	6 021	5 277	4 687	4 226	5 210	4 219	2 632	2 862	9%	-15%
US West Coast	China	Both	731	648	622	711	672	649	742	729	728	674	688	633	658	4%	-10%
US East Coast	North Europe	Both	671	701	700	726	698	708	728	745	756	755	762	755	747	-1%	11%
North Europe	US East Coast	Both	2 153	2 139	2 063	1 926	1 939	2 426	2 992	2 951	2 930	2 681	2 321	2 212	2 254	-2%	5%
China	S. America East Coast	None	4 299	6 570	8 483	9 288	8 402	7 881	6 808	6 111	5 870	4 876	3 760	2 583	2 007	-22%	-53%
North Europe	S. America East Coast	OTHC	811	849	854	873	814	893	906	833	864	860	977	977	956	-2%	18%

Ocean – Long-term rates

Monthly market average, 40' reefer

XENETA

Origin	Destination	THC	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	QoQ Change	YoY change
North Europe	China	OTHC	2 108	1 990	1 898	1 722	1 857	8%	-12%
North Europe	US East Coast	Both	3 716	3 470	4 259	4 046	3 874	-4%	4%
North Europe	S. America East Coast	OTHC	1 660	1 652	1 547	1 449	1 589	10%	-4%